

Overview of Fairgrounds Speedway Proposal

November 8, 2022



Presentation Objectives

1. Background on Nashville Fairgrounds Speedway
2. Metro Charter obligation and current state of facility
3. Primary goals for long-term solution
4. Partnership with Bristol Motor Speedway
5. Renovation details
6. Investment from the State of Tennessee and Nashville Convention & Visitors Corp
7. Financing of speedway renovation
8. Bristol's future role at the Fairgrounds
9. A better product for the community
10. Completing the vision for a modernized Nashville Fairgrounds





1911 race at the Fairgrounds

Origins of racing at the Fairgrounds

Beginning with harness horse racing, the Fairgrounds track dates to 1891, one year before the Ryman Auditorium opened.

Nashville Fairgrounds Speedway (NFS) is the second-oldest operating motor speedway in the United States, with auto racing beginning in 1904.

A legendary venue in motorsports

Paved in 1958, NFS hosted NASCAR races that included wins by Richard Petty, Darrell Waltrip and Dale Earnhardt.

The 1970 Nashville 420 NASCAR Cup Series race was the first sporting event in Nashville to be nationally televised.

Fairgrounds Speedway last hosted a NASCAR Cup Series race in 1984 and Xfinity and Truck Series races in 2000.



1958 race
Nashville Banner Collection,
Metro Archives



National Acclaim

"The atmosphere of the Fairgrounds, the energy last night was absolutely unbelievable. I wish all of you all had been there to see it. It was nuts. It just further made double sure that's where we belong in my eyes....that racetrack and the history of that racetrack and its location is just something that we're never going to replicate again."

— Chase Elliott, NASCAR Champion and 4x Most Popular Driver

"I still remember the first time I came to the Fairgrounds to race. I fell in love with the place after the first lap. Nashville Fairgrounds is a historic and iconic venue."

— Dale Earnhardt Jr., 2x Daytona 500 winner and 15x Most Popular Driver

Metro Charter obligation

A mandate for preservation:

- In 2011, 71 percent of Nashville voters supported a Metro Charter amendment to protect the historic uses of the Fairgrounds, including the speedway.

What that means:

- As a result, the Fair Board is under a mandate to maintain the speedway facility and operate a racing program.
- Per Metro Charter, Nashville residents are currently financially responsible for facility improvements and ongoing maintenance.



Underinvestment:

Over the decades, Metro has lacked the capital to invest in maintenance and modernization of the speedway.

The current facility has a significant unfunded maintenance backlog.

Capital needs include track resurfacing and industry-standard safety features such as Steel and Foam Energy Reduction (SAFER®) Barriers to protect drivers and a new catch fence to keep fans safe.

At the Fair Board's request, Metro Planning is currently procuring an independent review and costing of necessary capital improvements.





Primary Goals for Future of NFS

- 1) Complete the modernized Fairgrounds and preserve a unique piece of Nashville's history by restoring the speedway.
- 2) Shift the financial burden away from Nashville taxpayers by leveraging outside investment to create a long-term financial solution for facility improvements and ongoing maintenance.
- 3) Respect the Fairgrounds Speedway's neighborhood environment by focusing on better – *not more* – racing.



Partnership with Bristol Motor Speedway

Bristol Motor Speedway (BMS), part of the Speedway Motorsports family which owns and operates 11 racing facilities, is a leading auto racing organization with the expertise to create a better future for the NFS.

After previously signing a Letter of Intent with BMS, Metro now has lease and development agreements with BMS to present to the Fair Board for review.

If approved, BMS would sign a 30-year lease to manage, operate and maintain NFS. Bristol's role would include hiring and managing personnel, attracting events and sponsors, and making contractual payments to Metro and the Fair Board.

BMS would maintain the current 10-weekend race schedule and apply its expertise to build a robust calendar of non-racing activities including corporate events, festivals, and other special events.





Proposed Renovation:

- 30,000+ venue capacity with rebuilt grandstand
- Addition of new event facilities that enable year-round multipurpose use
- Renovation of the racing surface, including modernizing driver and spectator safety features
- Installation of state-of-the-art sound absorption features to reduce auto racing sounds by 50 percent over current conditions
- Updating the entire facility to bring into ADA compliance



Partnerships with State of Tennessee and NCVC

Financing the necessary facility improvements requires contributions from partners in addition to BMS.

Governor Bill Lee spearheaded a key investment from the State of Tennessee – a \$17 million grant.

Nashville Convention & Visitors Corp has also committed to a \$17 million upfront contribution and annual rent for use of the facility and tourism promotion activities.



Financing of Speedway Project

- **Upfront contributions:**
 - \$17 million grant from the State of Tennessee
 - \$17 million payment from the Nashville Convention and Visitors Corporation (NCVC)
- **Sports Authority revenue bonds backed by:**
 - Annual rent payments:
 - \$1,000,000 rent from Bristol (with a 1% escalator)
 - \$650,000 use payments from NCVC for 20 days per year for non-racing events
 - Guaranteed annual payment by Bristol to the Fair Board of \$103,125, plus additional rent to the Fair Board of up to \$103,125 annually (with a 2% escalator) to be paid using anticipated excess project revenues
 - Sponsorship revenue:
 - The first \$600,000 of sponsorships per year (with a 1% escalator)
 - 10% share of any naming rights agreement
 - Taxes paid by venue patrons:
 - Ticket tax revenues
 - Redirect of the state and local sales taxes generated at the Speedway, similar to at Geodis Park, First Horizon Ballpark, Bridgestone Arena, and Nissan Stadium
 - Event revenue sharing outside of 4 significant event weeks:
 - 5% share of gross revenues
 - 15% share of food & beverage sales



An independent sports finance consultant has reviewed the financial framework of the deal.

- Conventions, Sports & Leisure International (CSL) conducted a financial assessment of the project's proposed funding model.
- The CSL report vetted financial projections and identified shortcomings. Having the report enabled Metro to make revisions that materially improved the agreement with Bristol.
- The CSL report is available for the Fair Board's review.





Speedway Design

The design phase will provide construction cost figures that can be relied upon to receive a guaranteed maximum price (GMP) bid for construction.

The project has a design budget of up to \$6 million. One-third of the design will be funded by BMS, and two-thirds will be funded by Nashville Convention and Visitors Corp.

Bristol will pay all pre-development expenses in excess of \$6 million and will cover any cost overruns for the speedway improvements.

Bristol's role at the Fairgrounds

- Bristol will have sole financial responsibility for operations at the Speedway.
- For 3 of their 4 Significant Event Weeks, Bristol will also use the Expo Center and Expo parking.
- BMS will develop a calendar of non-racing events, including partnership with the Nashville Convention & Visitors Corp.
- Lease agreement includes a commitment from BMS to host NASCAR Cup races at least every other year.
 - If a race is not held as anticipated, Bristol has agreed to make up any deficits in pledged revenues in order to ensure the bond payments are met.
- Bristol will take measures that are reasonably necessary to ensure that the needs of the Fair Board for the Charter-protected uses are met.
- Bristol will be responsible for managing a Capital Asset Management Plan (CAMP) for required capital repairs and improvements to the Speedway.



Better product for the community

- Motorsports event weekends will remain limited to 10 per year.
 - Practice days will be reduced from 25 to 20 days per year.
 - Bristol will not permit the operation of any Race Cars except on a practice day or during a motorsports event.
 - 50% reduction in noise. Bristol will ensure muffler use for its non-NASCAR sanctioned Motorsports Events and practice days. Minimum Design Standards will include the noise abatement features contemplated in the noise study.
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“Partnering with Bristol allows Nashville to preserve our 131-year tradition of racing at the Fairgrounds and bring the legendary speedway back to life as a valuable and exciting part of the modernized Fairgrounds. Recognizing our obligation to maintain the track, we are leveraging investments from the state, the tourism industry, and facility users to make this a financial success for the city. We can put this landmark back on the national stage. I look forward to working with the Fair Board, Sports Authority and the Metro Council in the months ahead.”

– **Mayor John Cooper**